

**MINUTES OF
CITY OF LAS VEGAS AUDIT OVERSIGHT COMMITTEE
City Hall - 8th Floor Conference Room
400 Stewart Avenue
Las Vegas, Nevada
City of Las Vegas Internet Address: <http://www.lasvegasnevadagov>**

**January 20, 2005
10:00 a.m.**

CALL TO ORDER: Chairman Kern called the meeting to order at 10:05 a.m. and announced that the Open Meeting Law had been met.

ATTENDANCE:

Present: Chairman Michael Kern
 Councilman Larry Brown
 Councilman Lawrence Weekly (arrived at 10:10 a.m.)
 Member Paul Workman
 John Redlein, City Attorney
 Radford Snelding, City Auditor
 Gary Philips, Internal Auditor
 Barbara Jo Ronemus, City Clerk
 Stacey Campbell, Deputy City Clerk
 Lean Coleman, Deputy City Clerk

Excused: Member Jose Troncoso

BUSINESS

1. Approval of the Final Minutes by reference of the Audit Oversight Committee Meeting of October 19, 2004

WORKMAN - Motion to approve – BROWN seconded the motion - UNANIMOUS with TRONCOSO and WEEKLY excused

(10:05 – 10:06)

1-6

2. Discussion and possible action on Scheduled Meeting Dates: April 21, 2005, July 21, 2005, and October 20, 2005

Councilman Brown confirmed with Assistant City Attorney Redlein that it would be acceptable to establish a meeting for a specific purpose beyond the regular quarterly meetings. Councilman Brown explained that as the audit team becomes more aggressive and because department response has been outstanding, there are occasions when a specific meeting could address outstanding reports rather than allow the system to bog down. Chairman Kern suggested such "report card" meetings could be held regularly in the month following the quarterly meeting in preparation for the next quarterly meeting. He added that the follow-up meetings described be

flexible in order to accommodate various schedules. Mr. Snelding noted that an annual follow-up with a projected completion date of June 30 is being planned. That meeting would precede the July quarterly meeting and a status of cleared up items would be given.

Assistant City Attorney Redlein indicated that additional meetings could be arranged informally and would not require a schedule to be adopted upon motion by the Committee. Additional meetings are called by various boards throughout the State and is permitted by procedure. City Clerk Ronemus added that additional meetings are at the call of the Chair. Chairman Kern outlined concern with meetings being held on short notice. Assistant City Attorney Redlein expressed confidence that Mr. Snelding would provide an adequate interface with City Departments.

BROWN - Motion to approve the proposed quarterly meeting schedule – WORKMAN seconded the motion - UNANIMOUS with TRONCOSO excused

(10:06 – 10:15)

1-17

3. General Report by the City Auditor

Mr. Snelding advised that a city-wide utilities audit being led by Bryan Smith is currently in the reporting stage, a vendor files audit headed by Bill Cimo is in the final reporting stage, a contract compliance audit at Durango Hills Golf Course under Philip Cheng is in the reporting stage and the Metropolitan Police audit by Bryan Smith is on hold. There are ten investigations underway with Gary Philips working with the City Marshals. Two memoranda have been issued regarding control reviews and two more reviews are in the reporting stage.

(10:15 – 10:16)

1-291

4. Discussion and possible action on a Report on Follow-up Activities

Mr. Snelding summarized the continuous follow-up program regarding the 39 recommendations made in the 2003-2004 fiscal year as well as the additional 103 recommendations that remain open from previous audits. As of January 13, 53 recommendations were complete, leaving 89 incomplete. Of the 89 incomplete, his staff determined that 31 cannot be completed due to systems issues. Mr. Snelding reviewed the PowerPoint presentation, which identified complete, partially complete and on hold recommendations pending systems work. The City is doing very well and the continuous review process helps move reports along. The City Manager's office has been very helpful in ensuring that recommendations move along as well.

(10:16 – 10:19)

1-341

5. Discussion and possible action on an Actuarial Study of one of the City's self-insurance funds from 2002-2003 Annual Audit Recommendation Follow-up CAO 2600-0304-05

Mr. Snelding summarized discussion of actuarial study of workers compensation claims at the October 19, 2004 meeting. That study was to be completed by the end of 2004 on a portion of the self-insured fund. Councilman Brown requested this matter be revisited at this meeting. Vicki Robinson, Manager of Insurance Services, has indicated a preliminary draft will be ready by the end of January 2005. The delay was a result of inclusion of other entities and the Metropolitan Police Department into the actuarial pool. That expansion was delayed because the County's data was not in an appropriate electronic format. The study is now on task. Ms. Robinson also advised that the new computer system was approved by City Council in December with implementation scheduled to begin January 2005. Mr. Snelding recommended the actuarial study be reviewed in April 2005.

Chairman Kern clarified with Mr. Snelding that the estimate for a totally completed study in 2006 was still on target. Member Workman verified that all the entities anticipated to join the process are involved.

WORKMAN - Motion to approve review of the actuarial study at the next Committee meeting (4/21/2005) – WEEKLY seconded the motion - UNANIMOUS with TRONCOSO excused

(10:19 – 10:22)
1-410

6. Discussion and possible action on Audit of Cash Handling Controls At Chuck Minker Sports Complex CAO 2200-0405-01

Mr. Snelding indicated that he had requested Bryan Smith report on Items 6 and 7 jointly as they both involve cash handling controls.

Mr. Smith outlined as part of the ongoing, unannounced cash inspection program the completion of reviews at Chuck Minker and the Dula Gymnasium. The objectives included counting funds on hand and identifying differences, review compliance with city and departmental cash handling policies and procedures and observe the general security of the funds. During the process, minor differences were identified and resolved. The findings identified at one or both of the facilities included a need for improved departmental cash handling policies and procedures in certain areas identified in the reports and improved signage regarding customer receipts. The inspection identified that customer receipts were not being generated for all transactions due to a disabled system function.

Cashiers were able to make payment cancellations on the cash receipting system to correct input entry errors or to make same-day cash refunds without supervisory review and approval. There were no manual cash receipting procedures followed when the system is down. Deposits were not being prepared in an area with restricted access. Deposits were not being consistently dual verified as required by departmental policy.

Funds from concession sales were not handled or deposited in accordance with City policy. There was a lack of controls over concession sales for a non-city organization.

The department director or a designee is not performing unannounced inspections of the department's cash handling activities as required by City policy.

The recommendations to the findings were to simply remedy the identified control deficiencies. Management concurred and stated the deficiencies would be addressed immediately or by early 2005. In conjunction with the follow-up program, Audit staff will review the actions of management taken to address the recommendations. Some actions have already been taken to address many of the recommendations.

Chairman Kern complimented Dr. Jackson for her quick response to the audit. The majority of the short timetables were met. Dr. Jackson introduced Deputy Director Billie Bastian. Dr. Jackson indicated that everything reported is taken seriously and she has now identified a team with greater talents for responding to audits. Her staff has been very diligent with regard to these facilities as well as the many other facilities that fall under her department.

Member Workman verified with Mr. Smith that some of the corrections identified have been implemented and others have required updated timetables. The updated timetables will be incorporated into the follow-up data. Upon notification that an item has been addressed, Mr. Smith verifies it so that it can be marked complete.

Councilman Weekly asked for a briefing of the actions implemented. Mr. Smith replied that policy and procedures have been updated to address insufficiencies. Those are still in the internal review process by management. The systems issues of same day processing of payment cancellations and input errors have been addressed by a procedure requiring supervisor or center coordinator approval. That significantly prevents theft. Counter signage has been improved and receipts are printed for every transaction, including point of sale transactions.

Councilman Weekly discussed with Mr. Smith the finding on cameras. The camera monitor for the counter area was moved to a supervisor's office so the cashier does not know what is being recorded. There were comments regarding the need for more surveillance cameras, particularly in the parking area and certain rooms within the facility.

Dr. Jackson pointed out that there is a problem with a blind hallway at the entrance of the Minker Center. A request has been made in this year's budget for a remodel to correct the situation and provide for additional cameras. This center is an architectural challenge.

Mr. Snelding stressed that cash handling issues are particularly important and expressed appreciation for the speedy response. There continues to be problems, but his office will work on those. Chairman Kern commended the supervisory approval and two-signature procedure on cancellations and deposits. That is a proper control so long as the follow-up continues. Everything appears to be in place so long as the people continue to follow the procedure.

Councilman Brown noted that the focus has been on the system and when the system is in place, the City's good employees are not exposed to temptation. It is the rare bad employee who sees a vulnerable system without checks and balances as an easy opportunity. He was pleased with the strong recommendations and excellent management plan of action.

BROWN - Motion to approve Items 6 and 7 – WORKMAN seconded the motion - UNANIMOUS with TRONCOSO excused

(10:22 – 10:37)

1-504

7. Discussion and possible action on Audit of Cash Handling Controls at Dula Gymnasium CAO 2200-0405-02

See Item 6 for all related discussion.

BROWN - Motion to approve Items 6 and 7 – WORKMAN seconded the motion - UNANIMOUS with TRONCOSO excused

(10:22 – 10:37)

1-504

CITIZENS PARTICIPATION:

None.

(10:37)

1-1011

ADJOURNMENT:

The meeting adjourned at 10:37 a.m. (1-1019)

RESPECTFULLY SUBMITTED,

Stacey Campbell, Deputy City Clerk II